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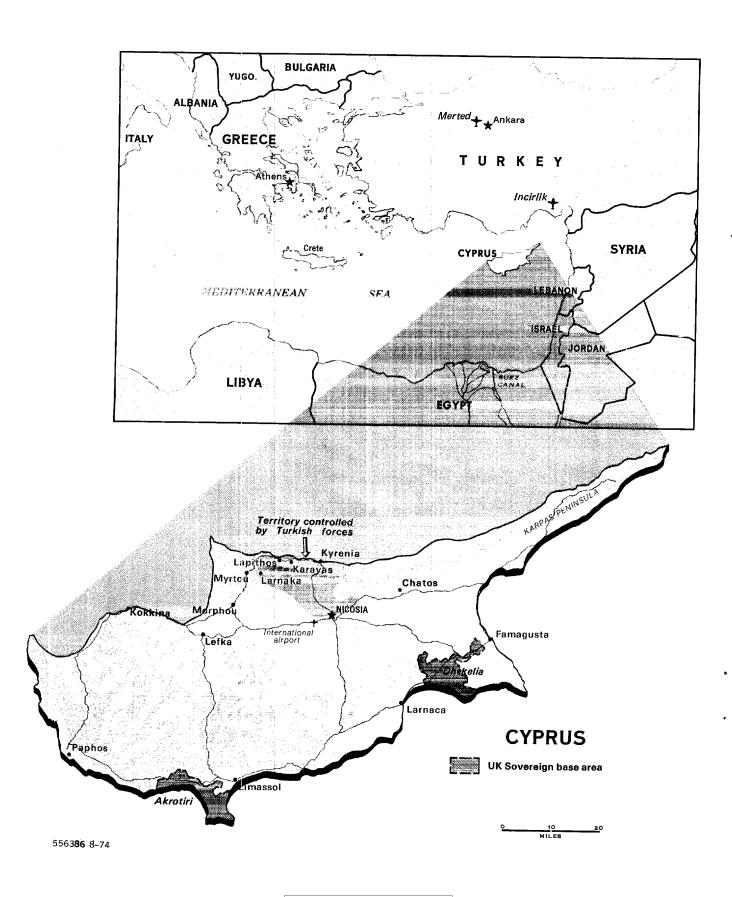


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GREECE-TURKEY-CYPRUS

Turkish forces on Cyprus launched a new offensive at dawn, following the breakdown of talks in Geneva last night. In response, Athens has announced that it is withdrawing from military participation in NATO.

The Turks launched air strikes this morning, hitting the Nicosia airport and Greek positions south of the city--the National Guard camps, and the Police Headquarters. At the same time, sporadic firing broke out all along the green line separating the Turkish and Greek communities in the capital.

Initial reports of ground action indicate that the Turks are moving toward Chatos where a Turkish Cypriot enclave has been holding out since the invasion. The Turkish Cypriots in Chatos are being told, to prepare for a link-up with advancing Turkish forces. Fighting has also been reported at the western end of the Kyrenia Mountain range.

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The Greek government announced today that, while Greece is withdrawing from military participation in NATO, it is remaining a political member of the Alliance. The decision to quit the NATO military organization was apparently made at an early morning emergency meeting of the country's top political and military leaders a few hours after the Cyprus peace talks in Geneva collapsed.

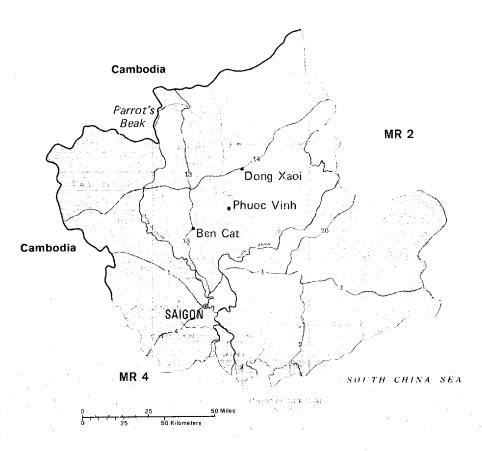
Greek Defense Minister and Acting Foreign Minister Averoff yesterday asked the five permanent members of the UN Security Council to take the necessary measures to safeguard peace in the Mediterranean. Averoff declared that Turkey was not observing the Security Council resolution of July 22, which had called for a cease-fire and a withdrawal of foreign troops from Cyprus.

In New York, the UN Security Council held an emergency session early this morning to discuss the breakdown of the Geneva talks and the renewal of fighting in Cyprus. British Foreign Secretary Callaghan called for the meeting when the talks in Geneva broke down in the face of Ankara's intransigence on its basic demand for a fully autonomous Turkish Cypriot territory comprising approximately one third of the total area of the island.





Military Region 3



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SOUTH VIETNAM

Military activity may soon increase to the north and northwest of Saigon as significant fighting wanes on the other major battlefronts. Main force Communist units in Military Region 3 have been relatively inactive since their "spring-summer" campaign ended in early July. Several recent developments, however, point to a substantial increase in activity in the near future.

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Such a surge in fighting would probably involve elements of both the Communist 7th and 9th divisions. The 7th Division would probably carry the main burden of combat by launching attacks in northeastern Binh Duong Province and northern Bien Hoa Province. The 9th Division, while weakened in earlier fighting southwest of Ben Cat, probably has recovered to the point where it would again present a viable threat in the sensitive Ben Cat area. The 5th Division, located in the Parrot's Beak area of Cambodia, may launch limited attacks in the Tay Ninh Province/Cambodian border area to prevent possible government reinforcements to the Binh Duong Province area.

For their part, the South Vietnamese maintain a formidable force structure in MR 3, including three divisions. They probably would be able to contain Communist efforts to expand areas of control in the vital Binh Duong Province area. However, since the government forces are defensively oriented in areas close to Saigon, their capability to reinforce outlying areas would be limited. This could result in the loss of Phuoc Vinh, Dong Xaoi,

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or other remote areas if heavy, coordinated main force attacks were launched against them. This possible renewed Communist effort in MR 3 would be in line with Communist plans to increase localized military activity aimed at expanding areas of control in contested areas, undermining pacification, and tying down Saigon's forces.

There has been no major fighting in the northern coastal areas of the country for the past few days as the South Vietnamese continue their efforts to push back the advances made by the Communists since mid-July.

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EGYPT-ISRAEL

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On August 12, a high officer at the Egyptian Ministry of Foreign Affairs, acting on President Sadat's instructions, advised Ambassador Eilts in Cairo that Israeli aircraft have been constantly buzzing Soviet naval ships conducting mine-clearance operations in the Strait of Gubal. The official said Sadat has also ordered that the matter be brought to the attention of the UN Emergency Force policing the Egyptian-Israeli troop disengagement.

The Soviets have repeatedly expressed concern about alleged Israeli flights, said the Egyptian. The Egyptian approach to the US was low-key, but the Egyptians clearly hope that Washington will persuade the Israelis to refrain from such harassment if Soviet operations resume in other areas.

Other minefields laid by the Egyptians during last year's hostilities are on the Israeli-held part of the Red Sea. The Egyptians would like these cleared also, and apparently the Soviets are willing. The Israelis may not be.

Tel Aviv has been sensitive to the presence of the Soviet navy in the area. In late July, Israeli fighters apparently reacted on at least two occasions when Soviet helicopters involved in the clearance operation allegedly penetrated Israeli-controlled airspace over the Gulf of Suez.

The Israelis publicly protested the Soviet incursions, which the Israeli military speculated were made in an attempt to photograph Israeli missile patrol boats.

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ARGENTINA

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Last night President Peron accepted the resignations of Interior Minister Llambi, Education Minister Taiana, and Defense Minister Robledo, according to press reports. Whomever Mrs. Peron picks to replace them, she will risk further divisions in the unstable Peronist movement.

Their departures followed a week of political maneuvering in which the illusion of political consensus began to disappear as members of the opposition Radical Party and various Peronist factions took swipes at one another. The Radicals, upset with the growing restlessness at the national university, strongly criticized the indecisive education minister. Leftist Peronist youth threatened to abandon Mrs. Peron if she did not dump the interior minister and her close adviser and confidant, Social Welfare Minister Lopez Rega. Several conservative Peronists pushed for the dismissal of Economy Minister Gelbard, whose price controls are putting the squeeze on businesses recently ordered by the government to grant an extra wage bonus.

The President has recalled several ambassadors to discuss the possibility of their appointment to cabinet-level posts. Peronist right-winger Jorge Osinde, who is returning from his assignment as ambassador to Paraguay, may get the Interior Ministry or another top security post. He is widely believed to have been behind the police rebellion in Cordoba earlier this year that brought down the leftist provincial government, and his elevation to any post inside Argentina would be sure to antagonize leftist Peronists. They will also be unhappy about the apparent staying on of Lopez Rega, who is likely to have a major hand in picking the new ministers.

Any cabinet changes the President makes will dissatisfy some of the political groups that have supported her, and she will have to demonstrate yet-unseen skills if she is to hold the Peronist coalition together for much longer.

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ARGENTINA

Military and police are conducting coordinated counterattacks against guerrillas of the pro-Marxist People's Revolutionary Army (ERP), following terrorist raids on two military installations.

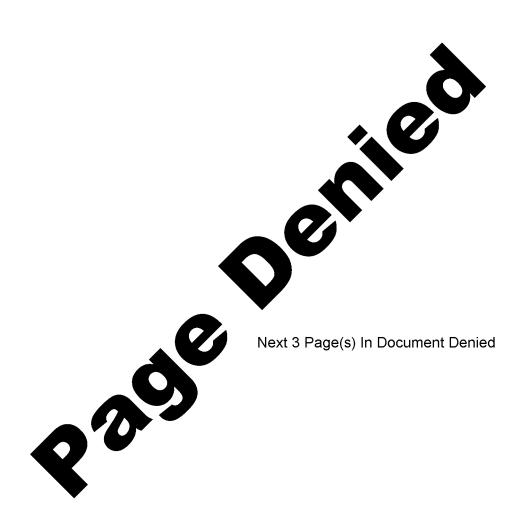
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The military have generally refrained from involvement in counterguerrilla actions, except to provide logistical and intelligence support to police forces, but the greater intensity of guerrilla actions and the weakening of government stability since the death of Juan Peron have caused increased concern among the military leaders.

There are increasing indications that the nominally Peronist Montoneros also are preparing for armed resistance against the government. Several recent assassinations have been attributed to the militant wing of that group, which probably commands more than 1,000 activists. Since the Montoneros are on the fringe of political acceptability and have widespread support among Peronist youth, their guerrilla activity would pose even more serious problems for security forces than attacks by the ERP.

The military are aware of ERP and Montonero intentions. Their strong reaction to the recent guerrilla raids is therefore most likely designed to nip the suspected ERP campaign in the bud and forestall further guerrilla planning and activity.

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SPAIN-MOROCCO

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Moroccan Prime Minister Osman and Foreign Minister Laraki arrived in Madrid Monday to continue bilateral talks on the problem of Spanish Sahara

The visit is a clear signal that both sides want a dialogue to defuse the issue. As long as the diplomats can keep up the appearance of momentum in their discussions of the problem, the two sides are unlikely to resort to force.

The issue has been so sensitive in Spain that the government has severely restricted coverage of the Spanish Sahara in the press. No correspondents have been permitted to visit the area.

The Spanish military is extremely angry about the ban on press coverage. It is necessary to begin conditioning the Spanish public to the possibility of military operations in the Spanish Sahara. The recent deaths of several Spanish soldiers in the Sahara, reportedly during skirmishes with armed bands, have been officially ascribed to "accidents while on maneuvers."

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